

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SEURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

22 Civ. 09608 (PKC)

vs.

INFINITY Q DIVERSIFIED ALPHA FUND,

Defendant.

SPECIAL MASTER’S FIRST STATUS REPORT

The undersigned Special Master, appointed pursuant to this Court’s order dated January 10, 2023 (the “Order”), submits this report and accounting of the Special Reserve, in accordance with paragraph 22 of the Order, “reflecting (to the best of the Special Master’s knowledge as of the period covered by this report) the value of the Special Reserve and of the extent of liabilities, both those claimed to exist by others and those the Special Master believes to be legal obligations of the Fund.”

To make this Report, I have examined (a) the books and records of the Infinity Q Diversified Alpha Fund (the “Fund”), including all outstanding third-party expenses claimed to be due and owing by the Fund; (b) the December 31, 2022 U.S. Bank statement reflecting the entire holdings of the Fund as of that date, which are maintained in cash equivalents; and (c) the Fund’s calculation of the Special Reserve, which consists mostly of projected fees and expenses that may arise because of various ongoing litigations and the investigation by the U.S. Securities and Exchange Commission. The litigation-related expense projections fall mainly in three categories: (i) potential damages awards against the Fund and/or Indemnitees (as defined in the

Order); (ii) fees expected to be incurred by counsel representing the Trust for Advised Portfolios (“TAP”); and (iii) fees expected to be incurred by counsel for Indemnitees.

To the best of my knowledge, as of December 31, 2022, the value of the Special Reserve and of the extent of liabilities, both those claimed to exist by others and those the Special Master believes to be legal obligations of the Fund, are as follows:

Total Fund Assets (per US Bank Statement as of December 31, 2022)	
Fidelity Government Portfolio Class I	\$582,168,346.97

Outstanding Invoices for Operating Expenses:

<u>Vendor</u>	<u>Amount</u>
NFS	\$ 83.33
NFS	3.00
Pershing	8,389.50
Pershing	68.01
RBC	5.58
Stretto	500.00
U.S. Bancorp	2,005.00
UBS	1,221.33

Total Outstanding Operating Expenses	\$ 12,275.75
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Outstanding Invoices for TAP Counsel:	\$ 278,181.70
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Outstanding Invoices for Indemnatee Counsel:

Quasar	\$ 5,182.00
Independent Directors	879,498.79

Total Indemnatee Expenses:	\$ 884,680.79
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Outstanding Invoices for Special Litigation Committee (SLC) Trustees:	\$ 35,548.37
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Outstanding Invoices for SLC Counsel:	\$ 139,319.55
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Outstanding Invoices Related to Distribution:

Cornerstone	\$ 8,632.00
Cornerstone	4,741.00
Cornerstone	5,949.00
Total Cornerstone Expenses	\$ 19,322.00

Total Accrued Expenses at December 31, 2022:	<u>\$ (1,369,328.16)</u>
Net Fund Assets:	\$ 580,799,118.81
Less Special Reserve at December 31:	<u>(566,375,657.37)</u>
Net Fund Assets After Special Reserve:	\$ 14,423,461.44

The Special Reserve, last calculated as of March 31, 2022, was composed of estimated total future expenses of \$571,300,000 as of that date. This estimate was based on a reserve for potential damages awards against the Fund and/or Indemnitees of \$500 million, and a reserve of \$71.3 million for anticipated legal fees and, to a much smaller degree, operating expenses and distribution costs. To prepare this Report, I asked counsel for TAP and for the Indemnitees to provide updated estimates of their projected legal fees, which are set forth below; I have not independently validated and do not endorse these projections.

Independent Directors	\$19,000,000
Quasar	20,500,000
TAP	40,730,000
Trust Officers and Interested Directors	<u>10,490,000</u>
Total Projected Fees:	\$90,720,000

In addition to the above projected expenses, I anticipate that the Special Litigation Committee, which includes myself and John Siciliano, and its counsel will also incur fees and expenses. Although difficult to estimate, I do not anticipate these charges to exceed \$1 million.

Dated: Stamford, Connecticut
February 9, 2023

Respectfully submitted,



Andrew M. Calamari